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# Support grows for Peres'

## Mideast aid plan

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Support is growing in Washington for a multibillion-dollar Middle East aid program first proposed by Israeli Prime Minister Shimon Peres last week.

The Reagan administration is concerned that pro-Western Arab governments are in danger because of the falling price of oil.

Director of Central Intelligence William Casey told the American-Israeli Public Affairs Committee yesterday that a "Marshall-type plan" was needed to combat the "present danger" of Arab radicalism, supported by Soviet proxies and aimed against "moderate Arab states."

Mr. Casey said that Soviet support for Libya and Syria were at an "all-time high." Terrorism and Soviet naval strength were aimed at intimidating Middle East countries friendly to the United States, he said.

In talks between Mr. Peres and Secretary of State George Shultz last week, the Israeli leader suggested a massive aid program to bolster Arab states. Mr. Shultz reacted positively and in an address to a group of Jewish businessmen said there was a close connection between economic developments in the region and political stability.

State Department spokesman Bernard Kalb said Wednesday, "we support the overall objective of the proposal," despite

the political and financial obstacles.

Mr. Peres was reluctant to speak of the program publicly because of fear that Israel's sponsorship might undo its chances.

The plan as outlined by Mr. Peres would call for the Western industrialized countries to invest \$28 billion dollars in Arab countries suffering from declining oil revenues.

Mr. Peres suggested investing \$7.5 billion a year, with Western Europe, Japan and the United States contributing \$2.5

billion each. The money would be raised one-third from government, one-third from banks, and one-third from industry.

The plan would include Egypt, Jordan, Lebanon, and the West Bank. Syria also would be invited to participate.

Mr. Peres reportedly was prompted to make the initiative when negotiations between Jordan and the Palestine Liberation Organization chief Yasser Arafat broke down recently and, as a result, the American-sponsored peace process collapsed.

Israeli leaders are worried by the prospect of growing radicalism resulting from economic upheaval in the Middle East and the dim prospect for peace. Thus, Israel was motivated to suggest a plan aimed at rescuing the economies of its neighbors, most of which remain in a state of war with the Jewish state.

The OPEC countries, according to Israeli sources, are expected to lose \$100 billion this year if the price of oil stays at its current level.

As a result, Saudi Arabia will have a deficit of \$13 billion, and its foreign currency reserves of between \$80 billion and \$90 billion could dry up in only two years. In 1984, Saudi Arabia had a deficit of \$24 billion. But it is the "oil poor" Arab states that face the most dire consequences.

For example, Saudi Arabia has subsidized the Syrian and Jordanian economies. Syria has been informed that its annual Saudi subsidy of \$1 billion is to be cut by an amount equal in weight to the Saudi budget cuts as part of the kingdom's austerity measures.

Syria's foreign currency accounts

have dropped to a low of \$75 million, according to these sources, meaning that Syria technically is bankrupt.

Jordan also faces potential cuts in the Saudi Arabian annual subsidy of \$600 million a year and declining revenues from the 300,000 Jordanian workers in oil-rich states who send home remittances.

With 2 million to 3 million workers abroad, Egypt can expect declining remittances and the imminent threat of social upheaval. Israeli sources say that Egyptian President Hosni Mubarak is in "serious trouble," despite real efforts to make economic reforms.

Egypt spends \$7 billion a year in food and other subsidies and has lost \$4 billion in recent weeks alone. Oil revenues and Suez Canal toll revenues have dropped dramatically, and terrorism has cut tourism profits. Its deficit this year is projected to be \$6 billion dollars, the source said.

While Israel stands to benefit economically because of the decline in the price of oil, Israel could be negatively affected by the region's economic problems as West Bank Palestinians, who have benefited from Jordanian subsidies and remittances from family members working in Persian Gulf states, feel the impact of lost income.

Israel would like to see the West Bank included in the plan to stave off heightened tensions in the occupied territories as living standards decline.